

November 30, 2005

**MEMORANDUM**

**TO:** Members of the House Committee on Families and Children's Services

**FROM:** Sharon Claytor Peters, President and CEO

**SUBJECT:** House Bills 5438 - 5446

On behalf of the Board of Directors of Michigan's Children, I am pleased to provide you with some preliminary feedback on the package of bills currently before you that rework Michigan's Social Welfare Act and reform Michigan's welfare program. Also, although it is not in the package of bills that you are considering today, I would like to express our concern about SB 893 which establishes a "family cap" on assistance to the state's youngest and most vulnerable children. The evidence from other states suggests that family caps (that limit or prohibit increases in welfare grants for children born while a parent is on assistance) do not lower birth rates among welfare recipients. Children in families receiving public assistance already live 65 percent below the federal poverty level, and a family cap would only push those children into greater destitution.

Our preliminary comments on House Bills 5438-5446 include:

- Michigan's Children is very concerned about the possible imposition of a lifetime cap on the receipt of public assistance, and doesn't believe that the stopping of the clock when unemployment in the county exceeds 10 percent will provide sufficient protection. More than two of every three recipients of public assistance are children, and the majority of those children are under the age of five. The Family Independence Program (FIP) is one of the state's most significant children's programs, and any changes you make will have repercussions for the more than 155,000 children that are already living far below the federal poverty line. *HB 5438 and HB 5445.*
- We support a joint effort by the Departments of Labor and Economic Growth (DLEG) and the Department of Human Services (DHS) to identify barriers that prevent *Work First* participants from obtaining employment and self-sufficiency. Families receiving income assistance--the poorest of the poor--do face significant barriers. Nationally, more than 4 of every 10 TANF recipients have physical or mental health impairments. Between one-third and two-thirds of the women receiving welfare payments have experienced domestic violence, and many have repeated problems with child care, housing and transportation--all of which can keep them from performing consistently on the job. *HB 5438.*
- In general, we support the concept of allowing welfare recipients to fulfill a portion of their work obligation through participation in training and counseling, including parenting, substance abuse and community service activities. We are, however, concerned about the language mandating that parents of infants between the ages of 6 weeks and 3 months be involved in parenting classes or counseling without more clarity about good cause exemptions related to the health of mothers and infants,

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Sharon Claytor Peters  
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the availability of appropriate programs within a reasonable distance, the availability of transportation, and access to child care for infants and their siblings. *HB 5438.*

- We would be particularly interested in creating opportunities for the parents of children between the ages of 4 and 12 months to be involved in parenting education and other family support services. Under current Michigan law, FIP recipients are required to participate in *Work First* when their youngest child reaches 3 months of age. Under federal law, states can exempt parents up to 12 months of age. There are both fiscal and developmental reasons to reconsider how FIP recipients with infants can fulfill their *Work First* obligations. First, parents with children between the ages of 4 and 12 months (approximately 7,800 parents in Michigan) are not required by federal law to participate in work and training activities and are not counted in TANF participation rates. With increasing federal work participation requirements, Michigan could benefit from focusing its limited welfare-to-work dollars on persons required by federal law to participate. More importantly, an extension of the work requirement, if coupled with mandatory family support and parenting programs, offers us a unique opportunity to intervene with the most vulnerable families and infants during the earliest months of life when small investments have big payoffs.
- We support efforts to track the job retention of FIP recipients as they move into the low-wage labor market, and to establish measurable performance goals and indicators. It is important that the state's welfare-to-work programs result in jobs that can sustain families over time. *HB 5443.*
- We support welfare changes that make it possible for welfare recipients to further their education or develop concrete job skills, including secondary education. The package helps move Michigan in that direction by allowing participation in post-secondary education for up to 20 hours per week for 24 months. In the past, relatively high wages were available to families with little formal education. In today's economy, education levels are the most powerful determinant of job stability and income, and welfare recipients with little education or training will find themselves in dead-end, low-skilled jobs that cannot sustain their families. *HB 5443.*
- We are very concerned about any further tightening of Michigan's already severe sanction policies. A national study concluded that Michigan has strict economic sanctions for welfare recipients relative to other states, and those sanctions have become more stringent over time. Welfare recipients with the greatest number of barriers to employment are more likely to be sanctioned, and their children are more at risk developmentally, and also more likely to have contact with the state's child welfare system. *HB 5441.*
- We support expansions in the earned income disregard. Earned income disregards provide incentives for work by preventing families from losing one dollar of assistance for every dollar earned. Michigan's current disregard is the first \$200 of gross earned income, plus 20 percent of the remainder, and the proposed change (50% of earnings) appears to provide a better incentive for some but not all low-income working recipients. We urge you to look carefully at winners and losers under this proposal. *HB 5442.*